

SENATE BILL 167

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2003 Regular Session
3r1291
CF 3r1879

By: **Senator Astle**

Introduced and read first time: January 27, 2003

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2003

CHAPTER_____

1 AN ACT concerning

2 **Insurance - Premium Finance Agreements**

3 FOR the purpose of providing that a premium finance agreement, in addition to
4 financing the premium of a surplus lines insurance contract, may include
5 certain premium receipts taxes and fees charged by a surplus lines broker;
6 altering the manner in which a finance charge is computed; and generally
7 relating to premium finance agreements.

8 BY adding to
9 Article - Insurance
10 Section 23-301.1
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2002 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 23-304
16 Annotated Code of Maryland
17 (2002 Replacement Volume and 2002 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Insurance

2 23-301.1.

3 IN ADDITION TO FINANCING THE PREMIUM OF A SURPLUS LINES INSURANCE
4 CONTRACT, A PREMIUM FINANCE AGREEMENT MAY INCLUDE ANY:

5 (1) PREMIUM RECEIPTS TAX THAT A SURPLUS LINES BROKER IS
6 REQUIRED TO CHARGE UNDER § 3-324 OF THIS ARTICLE AND PAY TO THE
7 COMMISSIONER UNDER § 3-325 OF THIS ARTICLE;

8 (2) POLICY FEE THAT A SURPLUS LINES BROKER IS ALLOWED TO
9 CHARGE UNDER § 27-216 OF THIS ARTICLE; AND

10 (3) INSPECTION FEE THAT A SURPLUS LINES BROKER IS ALLOWED TO
11 CHARGE UNDER § 27-216 OF THIS ARTICLE.

12 23-304.

13 The finance charge shall be computed:

14 (1) on the amount of the entire premium loan advanced, INCLUDING ANY
15 TAXES OR FEES THAT ARE FINANCED UNDER § 23-301.1 OF THIS TITLE, after
16 subtracting any down payment on the premium loan made by the insured;

17 (2) from the inception date of the insurance contract or from the due
18 date of the premium, disregarding any grace period or credit allowed for payment of
19 the premium, through the date when the final installment under the premium
20 finance agreement is payable; and

21 (3) at a rate not exceeding 1.15% for each 30 days, charged in advance.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2003.